

Any such duplicate Bonds issued pursuant to this Section 2.06 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Revenues to the same extent as all other Bonds issued hereunder.

**SECTION 2.07. INTERCHANGEABILITY, NEGOTIABILITY AND TRANSFER.** Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same maturity of any other authorized denominations.

The Bonds issued under this Ordinance shall be and have all the qualities and incidents of negotiable instruments under the law merchant and the Uniform Commercial Code of the State of Florida, subject to the provisions for registration of transfer contained in this Ordinance and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration of transfer of the Bonds.

The transfer of any Bond shall be registered only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by his attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the Holder or his duly authorized attorney with signature guaranteed. Upon the registration of transfer of any such Bond, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and maturity as the surrendered Bond. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the books of the Issuer as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Issuer nor the Registrar nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

Any Paying Agent of any fully registered Bond shall effect payment of interest on such Bonds by mailing a check or draft to the Holder entitled thereto or may, in lieu

thereof, upon the request and at the expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered, the Issuer shall execute and the Registrar shall authenticate and deliver such Bonds in accordance with the provisions of this Ordinance. Execution of Bonds by the Mayor and Clerk for purposes of exchanging, replacing or registering the transfer of Bonds may occur at the time of the original delivery of the Bonds. All Bonds surrendered in any such exchanges or registration of transfer shall be held by the Registrar in safekeeping until directed by the Issuer to be cancelled by the Registrar. For every such exchange or registration of transfer, the Issuer or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or registration of transfer. The Issuer and the Registrar shall not be obligated to make any such exchange or registration of transfer of Bonds during the fifteen (15) days next preceding a Payment Date on the Bonds, or, in the case of any proposed redemption of Bonds, then, during the fifteen (15) days next preceding the date of the first mailing of notice of such redemption and, in the case of the Bonds called for redemption, continuing until such redemption date.

**SECTION 2.08. FORM OF BONDS.** The text of the Bonds shall be in substantially the following form with such omissions, insertions and variations, including any changes required for book-entry only registration of the Bonds, as may be necessary and/or desirable and approved by the Mayor or the Clerk prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by such officer's execution of the Bonds and the Issuer's delivery of the Bonds to the purchaser or purchasers thereof):

No. R-

\$

**UNITED STATES OF AMERICA  
STATE OF FLORIDA  
MONROE COUNTY, FLORIDA  
TAXABLE WASTE WATER IMPROVEMENT ASSESSMENT BOND  
(STOCK ISLAND AREA), SERIES 2004**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
_____%	_____, ____	_____, ____	_____

Registered Holder:

Principal Amount:

**KNOW ALL MEN BY THESE PRESENTS**, Monroe County, Florida, a political subdivision of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the moneys hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest on such Principal Amount from the Date of Original Issue identified above or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum identified above on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year, commencing \_\_\_\_\_ 1, \_\_\_\_\_, until such Principal Amount shall have been paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto. Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Such Principal Amount and interest and the premium, if any, on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Such Principal Amount and the premium, if any, on this Bond, are payable, upon presentation and surrender hereof, at the designated corporate trust office of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, as Paying Agent. Payment of

each installment of interest shall be made to the person in whose name this Bond shall be registered on the registration books of the Issuer maintained by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, as Registrar, at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date and shall be paid by a check or draft of such Paying Agent mailed to such Registered Holder at the address appearing on such registration books or, at the request of such Registered Holder, by bank wire transfer for the account of such Holder.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds") of like date, tenor and effect, except as to maturity date, interest rate, denomination and number, issued for the principal purposes of providing moneys for the purchase and reservation of capacity in the System (as defined in the hereinafter defined Ordinance) by the Issuer and for the acquisition, construction and equipping of the Improvements (as defined in the Ordinance) by the Utility (as defined in the Ordinance), all in accordance with the provisions of the Capacity Contract (as defined in the Ordinance), funding the Reserve Account (as defined in the Ordinance), if required, and paying certain costs of issuance incurred with respect to the Bonds, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Florida Statutes, the Issuer's Ordinance No. 027-2003 of the Issuer enacted on July 15, 2003, as amended and supplemented from time to time, and other applicable provisions of law (the "Act"), and an ordinance duly adopted by the Board of County Commissioners of the Issuer on December 17, 2003, as the same may be amended and supplemented from time to time (the "Ordinance"), and is subject to all the terms and conditions of the Ordinance.

This Bond and the interest hereon are payable from and secured by a lien upon and a pledge of (1) the proceeds of certain special assessments levied and collected by the Issuer upon property benefited by the Improvements, as more particularly described in the Ordinance, and (2) until applied in accordance with the provisions of the Ordinance, all moneys, including investments thereof, in certain of the funds and accounts established by the Ordinance, all in the manner and to the extent described in the Ordinance (collectively, the "Pledged Revenues"). It is expressly agreed by the Registered Holder of this Bond that the full faith and credit of the Issuer, the State of Florida, or any political subdivision thereof, are not pledged to the payment of the principal of, premium, if any, and interest on this Bond and that such Holder shall never have the right to require or compel the exercise of any taxing power of the Issuer, the State of Florida, or any political subdivision thereof, to the payment of such principal, premium, if any, and interest. This Bond and the obligation evidenced hereby shall not constitute a lien upon any property of the Issuer or the Improvements, but shall constitute a lien only on, and shall be payable from, the Pledged Revenues.

Pursuant to the Ordinance, the Issuer has covenanted to appropriate in its annual budget, by amendment (including emergency amendment), if necessary, such amounts of Non-Ad Valorem Funds (as defined in the Ordinance), which are not otherwise pledged, restricted or encumbered, as shall be necessary to replenish amounts drawn from the Reserve Account, if any, in accordance with the provisions of the Ordinance or to pay scheduled debt service payments with respect to the bonds in accordance with the Ordinance in the event the Pledged Revenues shall be inadequate for such purpose. Such covenant to appropriate Non-Ad Valorem Funds is not a pledge by the Issuer of such Non-Ad Valorem Funds and is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Funds heretofore or hereafter entered into (including the payment of debt service on bonds or other debt instruments) and also to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the Issuer or which are legally mandated by applicable law.

This Bond is transferable in accordance with the terms of the Ordinance only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Registrar by the Registered Holder hereof in person or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his attorney duly authorized in writing, and thereupon a new Bond or Bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, therein prescribed. The Bonds are issuable in the form of fully registered Bonds in the denomination of \$5,000 and any integral multiple thereof, not exceeding the aggregate principal amount of the Bonds. The Issuer, the Registrar and any Paying Agent may treat the Registered Holder of this Bond as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary. The Issuer and the Registrar shall not be obligated to make any exchange or transfer of the Bonds during the fifteen (15) days next preceding an interest payment date or, in the case of any proposed redemption of the Bonds, then, during the fifteen (15) days next preceding the date of the first mailing of notice of such redemption and, in the case of the Bonds called for redemption, continuing until such redemption date.

[Insert Redemption Provisions]

Redemption of this Bond under the preceding paragraphs shall be made as provided in the Ordinance upon notice given by first class mail sent at least thirty (30) days prior to the redemption date; provided, however, that failure to mail notice to the Registered Holder hereof, or any defect therein, shall not affect the validity of the proceedings for redemption of other Bonds as to which no such failure or defect has

occurred. In the event that less than the full principal amount hereof shall have been called for redemption, the Registered Holder hereof shall surrender this Bond in exchange for one or more Bonds in an aggregate principal amount equal to the unredeemed portion of principal, as provided in the Ordinance.

Reference to the Ordinance and any and all resolutions supplemental thereto and modifications and amendments thereof and to the Act is made for a description of the pledge and covenants securing this Bond, the nature, manner and extent of enforcement of such pledge and covenants, the rights, duties, immunities and obligations of the Issuer.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, exist, have happened and have been performed, in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, and that the issuance of the Bonds does not violate any constitutional or statutory limitations or provisions.

Neither the members of the Board of County Commissioners of the Issuer nor the Mayor nor any person executing this Bond shall be liable personally hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

**IN WITNESS WHEREOF**, Monroe County, Florida has issued this Bond and has caused the same to be executed by the manual or facsimile signature of the Mayor of the Board of County Commissioners of Monroe County, Florida and by the manual or facsimile signature of the Clerk of the Board and its official seal or a facsimile thereof to be affixed or reproduced hereon, all as of the Date of Original Issue.

**MONROE COUNTY, FLORIDA**

(SEAL)

\_\_\_\_\_  
Mayor, Board of County Commissioners

ATTESTED AND COUNTERSIGNED:

\_\_\_\_\_  
Clerk, Board of County Commissioners

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY:

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County Attorney's Office

## **CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds of the issue described in the within-mentioned Ordinance.

**DATE OF AUTHENTICATION:**

\_\_\_\_\_

\_\_\_\_\_  
**Registrar**

By: \_\_\_\_\_  
**Authorized Signatory**



## ASSIGNMENT

**FOR VALUE RECEIVED**, the undersigned sells, assigns and transfers unto

\_\_\_\_\_  
Insert Social Security or Other Identifying Number of Assignee

\_\_\_\_\_  
(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_,  
as attorneys to register the transfer of the said Bond on the books kept for registration  
thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed:

**NOTICE:** Signature must be  
guaranteed by an institution which is a  
participant in the Securities Transfer  
Agent Medallion Program (STAMP) or  
similar program.

**NOTICE:** The signature to this  
assignment must correspond with the  
name of the Registered Owner as it  
appears upon the face of the within bond  
in every particular, without alteration or  
enlargement or any change whatever and  
the Social Security or other identifying  
number of such assignee must be  
supplied.

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of  
survivorship and not as tenants  
in common

UNIF TRANS MIN ACT -- \_\_\_\_\_  
(Cust.)

Custodian for \_\_\_\_\_

under Uniform Transfer to Minors Act of \_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in list above.

### **ARTICLE III REDEMPTION OF BONDS**

**SECTION 3.01. SELECTION OF BONDS TO BE REDEEMED.** The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Issuer shall, at least thirty-five (35) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar), notify the Registrar of such redemption date and of the principal amount and maturities of Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by the Registrar fixed not more than thirty-five (35) days prior to the redemption date by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof.

If less than all of the Outstanding Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the Issuer in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

**SECTION 3.02. NOTICE OF REDEMPTION.** Except as otherwise provided herein, notice of such redemption, which shall specify the Bond or Bonds (or portions thereof) to be redeemed and the date and place for redemption, shall be given by the Registrar on behalf of the Issuer, and (A) shall be filed with the Paying Agent of the Bonds, (B) shall be mailed first class, postage prepaid, at least thirty (30) days prior to the redemption date to all Holders of Bonds to be redeemed at their addresses as they appear on the registration books kept by the Registrar, and (C) shall be mailed certified, postage prepaid, at least thirty (30) days prior to the redemption date to the registered securities depositories and to two or more nationally recognized municipal bond information services. Failure to mail notice to the Holders of the Bonds to be redeemed, or any defect therein, shall not affect the validity of the proceedings of redemption of such Bonds as to which no such failure or defect has occurred.

Each notice of redemption shall state: (1) the CUSIP numbers of all Bonds being redeemed; (2) the original issue date of such Bonds; (3) the maturity date and rate of interest borne by each Bond being redeemed; (4) the redemption date; (5) the Redemption Price; (6) the date on which such notice is mailed; (7) if less than all Outstanding Bonds are to be redeemed, the certificate number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed; (8) that on such redemption date there shall become due and payable upon each Bond to be

redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable; (9) that the Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the redemption price at the principal office of the Registrar at an address specified; (10) the name and telephone number of a person designated by the Registrar to be responsible for such redemption; and (11) unless sufficient funds have been set aside by the Issuer for such purpose prior to the mailing of the notice of redemption, that such redemption is conditioned upon the deposit of sufficient funds for such purpose on or prior to the date set for redemption; and provided, further, that such notice and the redemption set forth therein may be subject to the satisfaction of one or more additional conditions set forth therein.

**SECTION 3.03. REDEMPTION OF PORTIONS OF BONDS.** Any Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing) and the Issuer shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

**SECTION 3.04. PAYMENT OF REDEEMED BONDS.** Notice of redemption having been given substantially as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the appropriate Redemption Price, plus accrued interest. Each check or other transfer of funds issued by the Paying Agent to pay the Redemption Price of Bonds being redeemed shall bear the CUSIP number or numbers of such Bonds and identify the payments applicable to each CUSIP number. All Bonds which have been redeemed shall be cancelled by the Registrar and shall not be reissued.

**ARTICLE IV  
SECURITY, SPECIAL FUNDS  
AND APPLICATION THEREOF**

**SECTION 4.01. BONDS NOT TO BE INDEBTEDNESS OF ISSUER.** The Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of any constitutional or statutory provision, but shall be special obligations of the Issuer, payable from and secured by a lien upon and pledge of the Pledged Revenues in accordance with the terms of this Ordinance. No Holder of any Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Bond, or be entitled to payment of such Bond from any moneys of the Issuer, except from the Pledged Revenues and, if required, Non-Ad Valorem Funds, in the manner provided herein. The Bonds shall also be payable from the Non-Ad Valorem Funds in accordance with, and to the extent required under, the provisions of Section 4.06 hereof.

**SECTION 4.02. SECURITY FOR BONDS.** The payment of the principal of or Redemption Price, if applicable, and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Revenues. The Issuer does hereby irrevocably pledge the Pledged Revenues to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds in accordance with the provisions hereof. In addition, the Issuer does hereby irrevocably pledge the Pledged Revenues to the payment of all Policy Costs due and owing to an issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit; provided, however, such pledge shall be junior and subordinate in all respects to the pledge thereof granted with respect to payment of the Bonds. The Pledged Revenues shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer.

**SECTION 4.03. PROJECT FUND.** The Issuer covenants and agrees to establish a separate fund to be known as the "Monroe County, Florida Taxable Wastewater Improvement Assessment Bonds (Stock Island Area), Series 2004 Project Fund," which shall be used only to allow for the acquisition and reservation of capacity in the System by the County and the acquisition, construction and equipping of the Improvements by the Utility, all in accordance with the Capacity Contract, including reimbursing the Issuer for certain expenditures previously made by the Issuer in purchasing and reserving capacity in the System in accordance with the Capacity Contract. Moneys in the Project Fund, until applied in accordance with the provisions hereof, shall be held in trust by the Issuer, and shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

The Issuer shall make disbursements or payments from the Project Fund to pay for capacity in the System in accordance with the provisions of the Capacity Contract. The Issuer shall keep adequate records of such disbursements and payments and shall retain all of such records for at least three years from their dates.

Notwithstanding any of the other provisions of this Section 4.03, to the extent that other moneys are not available therefor, amounts in the Project Fund shall be applied to the payment of principal and interest on Bonds, when due.

Promptly after purchasing and reserving capacity in the System as contemplated by the Capacity Contract, the Issuer shall deposit any balance of moneys remaining in the Project Fund to the Interest Account or, upon receipt of an opinion of Bond Counsel, the Issuer may use any such balance for any lawful purpose.

**SECTION 4.04. FUNDS AND ACCOUNTS.** The Issuer covenants and agrees to establish separate funds to be known as the "Monroe County, Florida, Taxable Wastewater Improvement Assessment Bonds (Stock Island Area), Series 2004 Revenue Fund" and the "Monroe County, Florida, Taxable Wastewater Improvement Assessment Bonds (Stock Island Area), Series 2004 Debt Service Fund." The Issuer shall maintain in the Revenue Fund two accounts: the "Assessment Account" and the "Expense Account." The Issuer shall maintain in the Debt Service Fund four accounts: the "Interest Account," the "Principal Account," the "Reserve Account" and the "Redemption Account." Moneys in the aforementioned funds and accounts, until applied in accordance with the provisions hereof, shall be held in trust for and be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

The Issuer may at any time and from time to time appoint one or more depositories to hold amounts on deposit in the funds and accounts established hereunder. Such depository or depositories shall perform at the direction of the Issuer the duties of the Issuer in depositing, transferring and disbursing moneys to and from each of such funds and accounts as herein set forth, and all records of such depository in performing such duties shall be open at all reasonable times to inspection by the Issuer and its agent and employees. Any such depository shall be a bank or trust company duly authorized to perform such responsibilities pursuant to applicable law.

**SECTION 4.05. FLOW OF FUNDS.** (A) All Special Assessments Proceeds shall be deposited, as received, into the Assessment Account of the Revenue Fund. Promptly upon receipt of moneys in the Assessment Account, the Issuer shall apply such moneys in the following manner and in the following order of priority:

(1) Expense Account. The Issuer shall deposit into the Expense Account, amounts required for the payment or reimbursement of the Paying Agent's fees and

expenses, any expenses incurred in connection with the collection of the Assessments or Delinquent Assessments or Prepayments and other administrative expenses relating to the Bonds or the Assessments; all such fees and expenses shall be limited to reasonable fees and expenses. Moneys on deposit in the Expense Account shall also be used to pay principal of and interest on the Bonds (whether at maturity or by redemption) in the event there is a deficiency in the Principal, Interest or Redemption Accounts and the moneys in the Reserve Account are insufficient to make up such deficiency.

(2) Interest Account. The Issuer shall deposit or credit to the Interest Account of the Debt Service Fund the sum which, together with the balance in said Account, shall equal the interest on all Outstanding Bonds due or to become due on the next two subsequent Payment Dates. Moneys in the Interest Account shall be used for payment of interest on the Bonds when the same become due and payable.

If, on the date two Business Days prior to a Payment Date, moneys in the Principal Account are insufficient to pay the principal of or Amortization Installment due on such Payment Date, the Issuer shall transfer from the Interest Account to the Principal Account such moneys in excess of the amount required to pay interest on the Bonds on such Payment Date as shall be needed to cure such deficiency.

(3) Principal Account. The Issuer shall deposit or credit to the Principal Account of the Debt Service Fund the sum which, together with the balance in said Account, shall equal the principal or Amortization Installment due or to become due on the Outstanding Bonds on the next subsequent principal Payment Date which shall be not greater than one year from the date such deposit shall be made to the Principal Account. Moneys in the Principal Account shall be used for the payment of principal of or Amortization Installment on the Bonds when the same become due and payable. In the event the Issuer shall determine that any moneys in the Principal Account shall not be required to pay the principal of Bonds coming due on the next subsequent principal Payment Date because such Bonds have been or shall be redeemed, the Issuer shall transfer such moneys to the Redemption Account.

Amounts accumulated in the Principal Account or Redemption Account with respect to any Amortization Installment (together with amounts accumulated in the Interest Account with respect to interest, if any, on the Term Bonds for which such Amortization Installment was established) may be applied by the Issuer, on or prior to the 35th day preceding the due date of such Amortization Installment, (a) to the purchase of Term Bonds of the maturity for which such Amortization Installment was established at a price not exceeding par plus accrued interest, or (b) to the redemption at the applicable Redemption Prices of such Term Bonds, if then redeemable by their terms at a price not exceeding par plus accrued interest. The applicable Redemption Price (or principal amount of maturing Term Bonds) of any Term Bonds so purchased or redeemed shall be

deemed to constitute part of the Principal Account or Redemption Account until such Amortization Installment date, for the purposes of calculating the amount of such Account. As soon as practicable after the 35th day preceding the due date of any Amortization Installment, the Issuer shall proceed to call for redemption on such due date, by causing notice to be given as provided in Section 3.02 hereof, Term Bonds of the maturity for which such Amortization Installment was established (except in the case of Term Bonds maturing on an Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Amortization Installment. The Issuer shall pay out of the Principal Account, the Redemption Account and the Interest Account to the appropriate Paying Agent, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption (or for the payment of such Term Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Term Bonds shall be paid by the Issuer from the Expense Account.

(4) Reserve Account. The Issuer shall next deposit into the Reserve Account a sum sufficient to maintain therein an amount equal to the Reserve Account Requirement. All deficiencies in the Reserve Account, whether the result of a withdrawal from the Reserve Account or a decrease in valuation, shall be restored within one year from the date of occurrence of such deficiency, whether such deficiency was caused by decreased market value or withdrawal (whether from cash or a Reserve Account Insurance Policy and Reserve Account Letter of Credit); provided, however, deficiencies resulting from a decrease in market value of investments in the Reserve Account must be remedied only if the market value of such investments is less than ninety-five percent (95%) of the Reserve Account Requirement on the immediately preceding date of valuation as provided in Section 4.07 hereof. Moneys in the Reserve Account shall be used only for the purposes of the payment of principal of or interest on the Bonds (whether at maturity or by redemption) in the event there is a deficiency in the Principal, Interest or Redemption Accounts for such purpose. However, whenever the moneys on deposit in the Reserve Account exceed the Reserve Account Requirement, such excess shall be deposited to the accounts and in the order of priority indicated for amounts on deposit in the Assessment Account of the Revenue Fund.

Whenever the amount in the Reserve Account, together with the other amounts in the Debt Service Fund, are sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or applicable Redemption Price and interest thereon), the funds on deposit in the Reserve Account may be transferred to the other accounts of the Debt Service Fund for the payment of the Bonds.

Notwithstanding the foregoing provisions, in lieu of the required deposits into the Reserve Account the Issuer may cause to be deposited into the Reserve Account a



Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for the benefit of the Bondholders in an amount equal to the difference between the Reserve Account Requirement applicable thereto and the sums then on deposit in the Reserve Account, if any. In addition, the Issuer may at any time substitute any cash on deposit in the Reserve Account with such a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit. Such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be held by and be payable to the Paying Agent (upon the giving of notice as required thereunder) on any principal payment date or interest payment date on which a deficiency exists which cannot be cured by moneys in any other fund or account held pursuant to this Ordinance and available for such purpose. Notwithstanding any provision herein to the contrary, the Issuer shall use all cash and investments on deposit in the Reserve Account prior to drawing on any Reserve Account Insurance Policy or Reserve Account Letter of Credit and shall repay all Policy Costs prior to replenishing the Reserve Account for any withdrawals of funds therefrom or any declines in the market value of investments therein.

All Insurers (if any) must provide their prior consent to the use of any Reserve Account Insurance Policy or Reserve Account Letter of Credit. A Reserve Account Insurance Policy may not be used unless the claims paying ability of the issuer thereof is rated at least "AAA" by S&P or "Aaa" by Moody's. A Reserve Account Letter of Credit may not be used unless the issuance thereof is rated at least "AA" by S&P or "Aa" by Moody's. To the extent there is more than one Reserve Account Insurance Policy or Reserve Account Letter of Credit on deposit in the Reserve Account draws thereon shall be made on a pro rata basis. The provisions of any agreement executed in connection with the issuance of any such Reserve Account Insurance Policy or Reserve Account Letter of Credit shall be incorporated herein by reference and to the extent such provisions conflict with any provisions of this Ordinance, the provisions of such agreement shall control. The form of any such agreement shall be approved by Council.

(5) Redemption Account. The balance of any funds remaining in the Assessment Account after the deposits and payments required by Sections 4.05(A)(1) through 4.05(A)(4) hereof shall be deposited into the Redemption Account. If, on the thirty-sixth (36th) day prior to any Payment Date, moneys in the Interest Account shall be insufficient to pay the interest on the Bonds coming due on such Payment Date, moneys in an amount equal to such insufficiency shall be transferred from the Redemption Account to the Interest Account. The Issuer may also reimburse itself from moneys in the Redemption Account for funds which it appropriated pursuant to Section 4.06 hereof, provided the Reserve Account is fully funded at the time of such reimbursement. Moneys in the Redemption Account shall be used for the payment of principal on the Bonds coming due as a result of redemption (other than by Amortization Installments) in accordance with the redemption provisions hereof and the redemption provisions of any

Supplemental Ordinance. Amounts in the Redemption Account which are used to redeem Term Bonds shall be credited against the next succeeding Amortization Installment which shall become due on such Term Bonds.

(B) On or before the date established for payment of any principal of or Redemption Price, if applicable, or interest on the Bonds, the Issuer shall withdraw from the appropriate account of the Debt Service Fund sufficient moneys to pay such principal or Redemption Price, if applicable, and interest and deposit such moneys with the Paying Agent for the Bonds to be paid.

**SECTION 4.06. COVENANT TO BUDGET AND APPROPRIATE.** The Issuer covenants and agrees to appropriate in its annual budget, by amendment (including emergency amendment), if necessary, from Non-Ad Valorem Funds lawfully available in each Fiscal Year, amounts sufficient to pay all scheduled debt service on the Bonds or to replenish the Reserve Account to the extent of any deficiencies therein or to repay any Policy Costs due and payable in the event Pledged Revenues are insufficient for such purposes. Such covenant and agreement on the part of the Issuer to budget and appropriate such amounts of Non-Ad Valorem Funds shall be cumulative to the extent not paid, and shall continue until such Non-Ad Valorem Funds or other legally available funds in amounts sufficient to make all such required payments shall have been budgeted, appropriated and actually paid. The Issuer shall immediately commence the foregoing budget and appropriation process to pay scheduled debt service on the Bonds if on the 60<sup>th</sup> day prior to any Payment Date there are not sufficient moneys on deposit in the Interest Account and the Principal Account to pay all of the debt service that will be due and payable on such Payment Date or if there are any deficiencies in the Reserve Account or any Policy Costs then due and payable. The Issuer shall give prompt notice to the Insurer, if any, if it is so required to commence such budget and appropriation process. Notwithstanding the foregoing covenant of the Issuer, the Issuer does not covenant to maintain any services or programs, now provided or maintained by the Issuer, which generate Non-Ad Valorem Funds.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Funds, nor does it preclude the Issuer from pledging in the future its Non-Ad Valorem Funds, nor does it require the Issuer to levy and collect any particular Non-Ad Valorem Funds, nor does it give the Bondholders a prior claim on the Non-Ad Valorem Funds as opposed to claims of general creditors of such Issuer. Such covenant to appropriate Non-Ad Valorem Funds is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Funds heretofore or hereinafter entered into (including the payment of debt service on bonds and other debt instruments). However, the covenant to budget and appropriate in its general annual budget for the purposes and in the manner stated herein shall have the effect of making available for the payment of scheduled debt service on the Bonds or to replenish the

Reserve Account to the extent of any deficiencies therein or to repay any Policy Costs due and payable in the manner described herein Non-Ad Valorem Funds and placing on the Issuer a positive duty to appropriate and budget, by amendment, if necessary, amounts sufficient to meet its obligations hereunder; subject, however, in all respects to the restrictions of Section 129.07, Florida Statutes, which provides, in part, that the governing body of each county may only make appropriations for each fiscal year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources; and subject, further, to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the Issuer or which are legally mandated by applicable law.

**SECTION 4.07. INVESTMENTS.** The Project Fund, the Revenue Fund and the Debt Service Fund shall be continuously secured in the manner by which the deposit of public funds is authorized to be secured by the laws of the State. Moneys on deposit in the Project Fund, the Revenue Fund and the Debt Service Fund, other than the Reserve Account, may be invested and reinvested in Authorized Investments maturing not later than the date on which the moneys therein will be needed. Moneys on deposit in the Reserve Account shall be invested in Authorized Investments of not greater than five (5) years' maturity. Moneys in the Interest Account representing accrued or capitalized interest shall be invested solely in direct obligations of the United States of America and shall be held in trust for the Bondholders. Any and all income received by the Issuer from the investment of moneys in the Project Fund, the Assessment Account and the Reserve Account (to the extent the amount therein is less than the Reserve Account Requirement), shall be retained in such respective Fund or Account. Any and all income received by the Issuer from the investment of moneys in the Expense Account, the Principal Account and the Redemption Account shall be transferred to the Assessment Account. Any and all income received by the Issuer from the investment of moneys in the Reserve Account (to the extent the amount therein is greater than the Reserve Account Requirement) shall be deposited into the Assessment Account. All investments on deposit in the Reserve Account shall be valued at the market value thereof, exclusive of accrued interest, (A) annually (on each September 30), and (B) upon any draw upon the Reserve Account. All other investments shall be valued at cost.

Nothing contained in this Ordinance shall prevent any Authorized Investments acquired as investments of or security for funds held under this Ordinance from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

**SECTION 4.08. SEPARATE ACCOUNTS.** The moneys required to be accounted for in each of the foregoing funds and accounts established herein may be deposited in a single bank account, and funds allocated to the various funds and accounts established herein may be invested in a common investment pool, provided that adequate

accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds and accounts as herein provided.

The designation and establishment of the various funds and accounts in and by this Ordinance shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.